

**Amend Section 60201.3 of the Diesel Fuel Tax Law to establish a time period for the mailing of a notice of determination to an unlicensed supplier when their supplier had claimed a bad debt credit or received a refund for the tax previously paid on the bad debt. (Housekeeping)**

**Source: Fuel Taxes Division**

**Existing Law**

Under the existing Revenue and Taxation Code Section 60201.3, a supplier is relieved from liability for diesel fuel tax insofar as the sales of the diesel fuel are represented by accounts which have been found worthless and charged off for income tax purposes. If the supplier has previously paid the tax, the supplier may take a credit for the amount of the tax on a tax return. If the supplier has been allowed a credit for the bad debt, the customer who failed to pay for the diesel fuel becomes liable for the diesel fuel tax. The tax, penalties, and interest are immediately due and payable under the unlicensed supplier provisions of the Diesel Fuel Tax Law. Section 60361 states that the Board shall determine immediately the amount of the tax and shall give the unlicensed supplier notice of this determination. However, no provision provides the time period in which the notice must be given to the unlicensed supplier.

**This Proposal**

This proposal would amend Section 60201.3 to require that the notice of determination shall be given to the customer that did not pay the supplier for the diesel fuel within three years after the return on which the credit for the bad debt was taken was due or the date a refund of the tax on the bad debt was paid.

*Section 60201.3 of the Revenue and Taxation Code is amended to read:*

60201.3. (a) A supplier is relieved from liability for diesel fuel tax insofar as the sales of the diesel fuel are represented by accounts which have been found worthless and charged off for income tax purposes. If the supplier has previously paid the amount of the tax, he or she may, under the rules and regulations prescribed by the board, take a credit in that amount. If those accounts are thereafter in whole or in part collected by the supplier, the gallons of diesel fuel represented by the amounts collected shall be included in the first return filed after that collection and the amount of the tax thereon shall be paid with the return. The board may, at its option, require the supplier to submit periodic reports listing accounts delinquent for a 90-day period or more.

(b) Any customer of a supplier who has failed to pay for diesel fuel purchased and for which the supplier has been allowed a credit under subdivision (a) is

liable to the state for the diesel fuel tax as an unlicensed supplier and the tax, applicable penalties, and interest become immediately due and payable under the unlicensed persons provisions contained in Article 6 (commencing with Section 60360) of Chapter 6. The notice of determination issued under Section 60361 shall be given to the customer within three years after the last day of the calendar month following the reporting period for which the supplier took a credit for the tax previously paid on the customer's account or within three years after the date a refund of this tax was paid.